

## Part III

### Administrative, Procedural, and Miscellaneous

26 CFR 601.201: Rulings and determination letters  
(Also Part I, Sections 846; 1.846-1.)

Rev. Proc. 2000-44

#### SECTION 1. PURPOSE

This revenue procedure prescribes the loss payment patterns and discount factors for the 2000 accident year. These factors will be used for computing discounted unpaid losses under 846 of the Internal Revenue Code. See Rev. Proc. 98-11, 1998-1 C.B. 358, for background concerning the loss payment patterns and application of the discount factors.

#### SEC. 2. SCOPE

This revenue procedure applies to any taxpayer that is required to discount its unpaid losses under 846 for a line of business using discount factors published by the Secretary.

#### SEC. 3. TABLES OF DISCOUNT FACTORS

.01 The following tables present separately for each line of business the discount factors under 846 for accident year 2000. All the discount factors presented in this section were

determined using the applicable interest rate under 846(c) for 2000, which is 6.09 percent, and by assuming all loss payments occur in the middle of the calendar year.

.02 If the groupings of individual lines of business on the annual statement change, taxpayers must discount the unpaid losses on the affected lines of business in accordance with the discounting patterns that would have applied to those unpaid losses based on their classification on the 1995 annual statement. See Rev. Proc. 98-11, 1998-1 C. B. 358, section 2, for additional background on discounting under section 846 and the use of the Secretary's tables.

.03 Section V of Notice 88-100, 1988-2 C.B. 439, provides a composite discount factor to be used in determining the discounted unpaid losses for accident years that are not separately reported on the annual statement. Taxpayers that do not use the methodology set forth in section V of Notice 88-100 should instead use the discount factor for the appropriate year in the Secretary's table for that line of business. If such taxpayers have unpaid losses relating to an accident year that is older than the last accident year for which a discount factor is presented in the Secretary's table, those unpaid losses should be discounted using the discount factor for the last accident year in the Secretary's table. See section 2.03(3) of Rev. Proc. 98-11.

.04 Tables

**Accident and Health  
(Other Than Disability Income or Credit Disability Insurance)**

Discount factor for all years equals 97.0874 percent.

**Auto Physical Damage**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	89.9430	89.9430	10.0570	9.7134	96.5830
AY+ 1	99.3814	9.4384	0.6186	0.5834	94.3008
AY+ 2	N/A	0.3093	0.3093	0.3003	97.0874

**Commercial Auto/Truck Liability/Medical**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	25.8075	25.8075	74.1925	65.1995	87.8788
AY+ 1	49.8793	24.0718	50.1207	44.3762	88.5386
AY+ 2	67.6592	17.7799	32.3408	28.7654	88.9446
AY+ 3	79.7711	12.1119	20.2289	18.0419	89.1890
AY+ 4	88.2132	8.4421	11.7868	10.4453	88.6190
AY+ 5	93.1778	4.9646	6.8222	5.9679	87.4779
AY+ 6	95.9623	2.7845	4.0377	3.4633	85.7748
AY+ 7	97.0091	1.0468	2.9909	2.5960	86.7980
AY+ 8	97.5719	0.5628	2.4281	2.1744	89.5538
AY+ 9	98.2191	0.6471	1.7809	1.6403	92.1035
AY+10	N/A	0.6471	1.1338	1.0737	94.6950
AY+11	N/A	0.6471	0.4867	0.4725	97.0874

### Composite Discount Factors

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	35.4611	35.4611	64.5389	55.4546	85.9243
AY+ 1	59.1449	23.6838	40.8551	34.4374	84.2916
AY+ 2	70.8220	11.6771	29.1780	24.5073	83.9923
AY+ 3	81.9019	11.0799	18.0981	14.5875	80.6022
AY+ 4	86.3688	4.4669	13.6312	10.8749	79.7797
AY+ 5	90.0497	3.6809	9.9503	7.7459	77.8458
AY+ 6	92.7488	2.6991	7.2512	5.4375	74.9880
AY+ 7	93.8259	1.0771	6.1741	4.6593	75.4648
AY+ 8	94.2415	0.4156	5.7585	4.5150	78.4051
AY+ 9	94.8568	0.6153	5.1432	4.1561	80.8087
AY+10	N/A	0.6153	4.5279	3.7755	83.3830
AY+11	N/A	0.6153	3.9125	3.3716	86.1744
AY+12	N/A	0.6153	3.2972	2.9431	89.2617
AY+13	N/A	0.6153	2.6819	2.4886	92.7929
AY+14	N/A	0.6153	2.0665	2.0063	97.0874

### Fidelity/Surety

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	24.1540	24.1540	75.8460	70.2828	92.6652
AY+ 1	59.0961	34.9421	40.9039	38.5727	94.3008
AY+ 2	N/A	20.4520	20.4520	19.8563	97.0874

### Financial Guaranty/Mortgage Guaranty

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	9.2513	9.2513	90.7487	84.0520	92.6206
AY+ 1	50.5659	41.3146	49.4341	46.6168	94.3008
AY+ 2	N/A	24.7171	24.7171	23.9971	97.0874

### International (Composite)

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	35.4611	35.4611	64.5389	55.4546	85.9243
AY+ 1	59.1449	23.6838	40.8551	34.4374	84.2916
AY+ 2	70.8220	11.6771	29.1780	24.5073	83.9923
AY+ 3	81.9019	11.0799	18.0981	14.5875	80.6022
AY+ 4	86.3688	4.4669	13.6312	10.8749	79.7797
AY+ 5	90.0497	3.6809	9.9503	7.7459	77.8458
AY+ 6	92.7488	2.6991	7.2512	5.4375	74.9880
AY+ 7	93.8259	1.0771	6.1741	4.6593	75.4648
AY+ 8	94.2415	0.4156	5.7585	4.5150	78.4051
AY+ 9	94.8568	0.6153	5.1432	4.1561	80.8087
AY+10	N/A	0.6153	4.5279	3.7755	83.3830
AY+11	N/A	0.6153	3.9125	3.3716	86.1744
AY+12	N/A	0.6153	3.2972	2.9431	89.2617
AY+13	N/A	0.6153	2.6819	2.4886	92.7929
AY+14	N/A	0.6153	2.0665	2.0063	97.0874

**Medical Malpractice -- Claims-Made**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	6.3899	6.3899	93.6101	77.2316	82.5035
AY+ 1	24.0011	17.6112	75.9989	63.7954	83.9426
AY+ 2	42.6970	18.6959	57.3030	48.4238	84.5048
AY+ 3	58.0610	15.3640	41.9390	35.5479	84.7609
AY+ 4	69.6653	11.6043	30.3347	25.7603	84.9203
AY+ 5	75.6033	5.9380	24.3967	21.2130	86.9502
AY+ 6	81.8786	6.2753	18.1214	16.0413	88.5212
AY+ 7	87.8539	5.9753	12.1461	10.8637	89.4415
AY+ 8	89.5207	1.6668	10.4793	9.8084	93.5982
AY+ 9	94.3025	4.7818	5.6975	5.4805	96.1916
AY+10	N/A	4.7818	0.9157	0.8890	97.0874

**Medical Malpractice -- Occurrence**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	2.1239	2.1239	97.8761	72.1344	73.6997
AY+ 1	6.4831	4.3592	93.5169	72.0374	77.0314
AY+ 2	15.5987	9.1156	84.4013	67.0354	79.4246
AY+ 3	31.9062	16.3075	68.0938	54.3211	79.7739
AY+ 4	45.0931	13.1868	54.9069	44.0468	80.2208
AY+ 5	50.0751	4.9821	49.9249	41.5977	83.3206
AY+ 6	60.9728	10.8976	39.0272	32.9064	84.3166
AY+ 7	69.2138	8.2411	30.7862	26.4221	85.8247
AY+ 8	72.8658	3.6519	27.1342	24.2698	89.4433
AY+ 9	80.0005	7.1347	19.9995	18.3990	91.9973
AY+10	N/A	7.1347	12.8648	12.1707	94.6050
AY+11	N/A	7.1347	5.7300	5.5631	97.0874

### Miscellaneous Casualty

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	77.6669	77.6669	22.3331	21.1962	94.9091
AY+ 1	94.0673	16.4004	5.9327	5.5946	94.3008
AY+ 2	N/A	2.9664	2.9664	2.8800	97.0874

### Multiple Peril Lines

**(Homeowners/Farmowners Multiple Peril, Commercial Multiple Peril, and Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery))**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	55.9587	55.9587	44.0413	39.1921	88.9894
AY+ 1	77.8939	21.9352	22.1061	18.9856	85.8842
AY+ 2	84.0083	6.1144	15.9917	13.8440	86.5701
AY+ 3	91.3188	7.3105	8.6812	7.1573	82.4462
AY+ 4	92.1670	0.8482	7.8330	6.7195	85.7851
AY+ 5	94.3838	2.2168	5.6162	4.8455	86.2767
AY+ 6	96.4959	2.1121	3.5041	2.9651	84.6181
AY+ 7	97.3670	0.8712	2.6330	2.2484	85.3944
AY+ 8	98.0034	0.6364	1.9966	1.7299	86.6410
AY+ 9	98.4059	0.4025	1.5941	1.4207	89.1194
AY+10	N/A	0.4025	1.1916	1.0926	91.6918
AY+11	N/A	0.4025	0.7892	0.7446	94.3565
AY+12	N/A	0.4025	0.3867	0.3754	97.0874

**Other  
(Including Credit)**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	66.7418	66.7418	33.2582	31.4101	94.4432
AY+ 1	89.2755	22.5337	10.7245	10.1133	94.3008
AY+ 2	N/A	5.3622	5.3622	5.2061	97.0874

**Other Liability -- Claims-Made**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	10.2440	10.2440	89.7560	74.2142	82.6844
AY+ 1	29.3763	19.1323	70.6237	59.0277	83.5805
AY+ 2	44.4111	15.0349	55.5889	47.1365	84.7949
AY+ 3	67.8197	23.4086	32.1803	25.8963	80.4726
AY+ 4	73.4753	5.6555	26.5247	21.6482	81.6150
AY+ 5	78.8604	5.3852	21.1396	17.4198	82.4039
AY+ 6	83.5027	4.6422	16.4973	13.6992	83.0388
AY+ 7	84.0676	0.5649	15.9324	13.9516	87.5674
AY+ 8	85.2129	1.1453	14.7871	13.6216	92.1180
AY+ 9	90.5992	5.3863	9.4008	8.9033	94.7074
AY+10	N/A	5.3863	4.0145	3.8976	97.0874

**Other Liability -- Occurrence**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	13.5751	13.5751	86.4249	68.2254	78.9418
AY+ 1	26.3964	12.8213	73.6036	59.1744	80.3960
AY+ 2	40.2725	13.8761	59.7275	48.4857	81.1782
AY+ 3	55.4566	15.1841	44.5434	35.7988	80.3685
AY+ 4	65.3309	9.8742	34.6691	27.8085	80.2112
AY+ 5	74.0647	8.7339	25.9353	20.5062	79.0668
AY+ 6	80.9090	6.8442	19.0910	14.7055	77.0281
AY+ 7	84.3622	3.4532	15.6378	12.0442	77.0197
AY+ 8	84.6163	0.2542	15.3837	12.5159	81.3585
AY+ 9	86.7311	2.1147	13.2689	11.1000	83.6538
AY+10	N/A	2.1147	11.1542	9.5978	86.0463
AY+11	N/A	2.1147	9.0395	8.0041	88.5462
AY+12	N/A	2.1147	6.9247	6.3134	91.1715
AY+13	N/A	2.1147	4.8100	4.5197	93.9645
AY+14	N/A	2.1147	2.6953	2.6168	97.0874

**Private Passenger Auto Liability/Medical**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	37.9339	37.9339	62.0661	56.4356	90.9282
AY+ 1	67.7044	29.7705	32.2956	29.2089	90.4424
AY+ 2	81.5316	13.8272	18.4684	16.7457	90.6722
AY+ 3	89.8898	8.3583	10.1102	9.1565	90.5677
AY+ 4	94.6531	4.7633	5.3469	4.8080	89.9215
AY+ 5	97.1265	2.4734	2.8735	2.5532	88.8539
AY+ 6	98.4587	1.3322	1.5413	1.3366	86.7155
AY+ 7	98.9811	0.5224	1.0189	0.8799	86.3544
AY+ 8	99.2330	0.2519	0.7670	0.6740	87.8739
AY+ 9	99.4067	0.1737	0.5933	0.5362	90.3643
AY+10	N/A	0.1737	0.4196	0.3899	92.9156
AY+11	N/A	0.1737	0.2460	0.2348	95.4492
AY+12	N/A	0.1737	0.0723	0.0702	97.0874

**Products Liability -- Claims-Made**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	4.9750	4.9750	95.0250	75.9026	79.8765
AY+ 1	15.1072	10.1322	84.8928	70.0889	82.5617
AY+ 2	30.9560	15.8488	69.0440	58.0331	84.0523
AY+ 3	38.2420	7.2860	61.7580	54.0627	87.5396
AY+ 4	68.6101	30.3681	31.3899	26.0760	83.0712
AY+ 5	78.5966	9.9865	21.4034	17.3779	81.1923
AY+ 6	88.3971	9.8005	11.6029	8.3417	71.8934
AY+ 7	93.2957	4.8986	6.7043	3.8042	56.7423
AY+ 8	88.3815	-4.9142	11.6185	9.0975	78.3015
AY+ 9	89.6105	1.2290	10.3895	8.3856	80.7125
AY+10	N/A	1.2290	9.1604	7.6304	83.2971
AY+11	N/A	1.2290	7.9314	6.8291	86.1028
AY+12	N/A	1.2290	6.7024	5.9791	89.2095
AY+13	N/A	1.2290	5.4733	5.0774	92.7656
AY+14	N/A	1.2290	4.2443	4.1207	97.0874

**Products Liability Occurrence**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	9.0653	9.0653	90.9347	69.1525	76.0464
AY+ 1	14.9035	5.8382	85.0965	67.3506	79.1462
AY+ 2	29.2591	14.3555	70.7409	56.6660	80.1036
AY+ 3	45.6462	16.3871	54.3538	43.2383	79.5496
AY+ 4	57.5945	11.9483	42.4055	33.5647	79.1518
AY+ 5	63.8634	6.2689	36.1366	29.1518	80.6712
AY+ 6	75.2266	11.3632	24.7734	19.2231	77.5957
AY+ 7	78.2679	3.0413	21.7321	17.2613	79.4274
AY+ 8	78.1898	-0.0781	21.8102	18.3929	84.3316
AY+ 9	81.8722	3.6825	18.1278	15.7201	86.7184
AY+10	N/A	3.6825	14.4453	12.8845	89.1953
AY+11	N/A	3.6825	10.7628	9.8762	91.7625
AY+12	N/A	3.6825	7.0803	6.6847	94.4128
AY+13	N/A	3.6825	3.3979	3.2989	97.0874

**Reinsurance A**  
**(Nonproportional Property)**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	27.1668	27.1668	72.8332	64.8422	89.0284
AY+ 1	68.7008	41.5340	31.2992	26.0111	83.1046
AY+ 2	70.0362	1.3354	29.9638	26.2197	87.5046
AY+ 3	87.5338	17.4976	12.4662	9.7940	78.5641
AY+ 4	90.2132	2.6794	9.7868	7.6307	77.9687
AY+ 5	91.3751	1.1619	8.6249	6.8986	79.9846
AY+ 6	94.3845	3.0095	5.6155	4.2190	75.1316
AY+ 7	93.3293	-1.0552	6.6707	5.5628	83.3917
AY+ 8	N/A	1.0387	5.6320	4.8317	85.7905
AY+ 9	N/A	1.0387	4.5932	4.0560	88.3049
AY+10	N/A	1.0387	3.5545	3.2332	90.9598
AY+11	N/A	1.0387	2.5158	2.3602	93.8153
AY+12	N/A	1.0387	1.4771	1.4340	97.0874

**Reinsurance B**  
**(Nonproportional Liability)**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	6.6962	6.6962	93.3038	69.1335	74.0951
AY+ 1	22.3944	15.6982	77.6056	57.1746	73.6733
AY+ 2	32.6486	10.2542	67.3514	50.0947	74.3781
AY+ 3	50.2234	17.5748	49.7766	35.0434	70.4014
AY+ 4	53.5839	3.3605	46.4161	33.7162	72.6391
AY+ 5	55.6838	2.0999	44.3162	33.6066	75.8338
AY+ 6	63.6144	7.9306	36.3856	27.4848	75.5376
AY+ 7	66.4211	2.8066	33.5789	26.2678	78.2269
AY+ 8	N/A	2.8066	30.7723	24.9766	81.1660
AY+ 9	N/A	2.8066	27.9656	23.6069	84.4138
AY+10	N/A	2.8066	25.1590	22.1537	88.0547
AY+11	N/A	2.8066	22.3524	20.6120	92.2140
AY+12	N/A	2.8066	19.5457	18.9764	97.0874

**Reinsurance C  
(Financial Lines)**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	11.4622	11.4622	88.5378	77.2190	87.2158
AY+ 1	44.5791	33.1169	55.4209	47.8112	86.2692
AY+ 2	63.9134	19.3343	36.0866	30.8085	85.3739
AY+ 3	65.6185	1.7051	34.3815	30.9285	89.9569
AY+ 4	79.9778	14.3593	20.0222	18.0220	90.0101
AY+ 5	88.9152	8.9374	11.0848	9.9140	89.4380
AY+ 6	91.2490	2.3338	8.7510	8.1140	92.7206
AY+ 7	94.7645	3.5155	5.2355	4.9872	95.2564
AY+ 8	N/A	3.5155	1.7200	1.6699	97.0874

**Special Property  
(Fire, Allied Lines, Inland Marine, Earthquake, Glass, Burglary and Theft)**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	57.4895	57.4895	42.5105	40.4949	95.2586
AY+ 1	90.5193	33.0297	9.4807	8.9404	94.3008
AY+ 2	N/A	4.7404	4.7404	4.6023	97.0874

**Workers' Compensation**

Tax Year	Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
AY+ 0	23.6461	23.6461	76.3539	62.5642	81.9398
AY+ 1	44.8166	21.1705	55.1834	44.5688	80.7648
AY+ 2	57.9652	13.1486	42.0348	33.7399	80.2667
AY+ 3	72.0542	14.0889	27.9458	21.2831	76.1583
AY+ 4	80.5542	8.5000	19.4458	13.8242	71.0909
AY+ 5	84.8876	4.3334	15.1124	10.2026	67.5118
AY+ 6	87.1173	2.2297	12.8827	8.5274	66.1927
AY+ 7	88.2647	1.1473	11.7353	7.8649	67.0194
AY+ 8	88.5404	0.2757	11.4596	8.0599	70.3333
AY+ 9	88.8062	0.2658	11.1938	8.2770	73.9426
AY+10	N/A	0.2658	10.9279	8.5072	77.8484
AY+11	N/A	0.2658	10.6621	8.7515	82.0804
AY+12	N/A	0.2658	10.3963	9.0107	86.6720
AY+13	N/A	0.2658	10.1304	9.2856	91.6604
AY+14	N/A	0.2658	9.8646	9.5773	97.0874

**DRAFTING INFORMATION**

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